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12 August 1958

Planned Research on the Transportation System of Communist China, 1958, and 1959-50.

1. S/TR proposes to follow essentially its original research program in judging the transport performance of Communist China during the leap forward year of 1958 and the years 1959-50 with the possible exception noted below in paragraph 2c. In addition to its contribution to NIE 13-59 covering all phases of transportation, the Branch has scheduled during FY 1959 the following projects:

Project 43.2302, Railroad Transportation in Communist China, 1958-59; Project 43.2304, Inland Waterway Transportation in Communist China, 1950-58, and Project 43.2309, Highway Transportation in Communist China, 1950-58. Although Project 43.2302 is part of the FY 1959 research program its completion during the year is unlikely because of staff limitations. Projects 43.2304 and 43.2309 will fill two of the most serious research gaps which currently exist, so far as the transportation picture in China is concerned. They will also throw additional light on those parts of the transportation system which make most use of labor intensive primitive means of transportation, where many of the leap forward gains may be expected to show up. Emphasis on the development of local transportation facilities already is receiving increasing attention in the press. The gap concerning coastal shipping will be filled by the publication of Project 43.2007, Coastal Shipping in Communist China, currently in St/PB. Upon completion of the FY 1959 research program the Branch will undertake various regional transportation studies. These will be followed eventually by a comprehensive project covering all phases of transportation in China.

2. In judging the transport performance of Communist China during 1958 and beyond, the Branch plans to:

a. Check carefully the validity of any statistics released by Peking. This will be done in part by comparing transport performance figures with production figures from other sectors of the economy to see that they are naturally consistent. The relationship between coal production and railroad tons originated, for example, has remained fairly constant for a number of years.

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c. Investigate fully the investment implications of any increases in transport performance reported by Peking. Although investment figures for transport enterprises are not readily available, further study of past figures in relation to past performance may throw some light on the current situation. Following completion of Project 43.1956, which is concerned with the transport contribution to Communist China's GNP, the Branch could initiate a new project involving research in depth on investment in transportation and its relation to transport performance with main emphasis on railroad investment. The preliminary results of such a study could be included in the Branch contribution to NIE 13-59 with final publication coming later in the year. Were such an investigation to be undertaken, however, Project 43.2309 on highway transportation would have to be cancelled or postponed until the following fiscal year. We would appreciate an expression of interest from you in regard to the relative priority of these two projects.

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